

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 209

Short Title: GPAC/ICF/MR Reimbursement Method Change.

(Public)

Sponsors: Senators Martin of Guilford; and Blackmon.

Referred to: Government Performance Audit.

February 17, 1993

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
2 PERFORMANCE AUDIT COMMITTEE TO IMPLEMENT A PROSPECTIVE,
3 CASE-MIX METHODOLOGY FOR MEDICAID REIMBURSEMENT FOR
4 INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED.
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6 The General Assembly of North Carolina enacts:

7 Section 1. The General Assembly finds that the current Medicaid
8 reimbursement policy for intermediate care facilities for the mentally retarded
9 (ICFs/MR), based on facility-specific costs, results in wide variance of rates paid across
10 facilities. North Carolina's rates are relatively high compared to the rest of the nation.
11 The current reimbursement policy does not allow the State to determine whether some
12 facilities face higher costs because of more patient needs or because of inefficient
13 operation. Because cost-based reimbursement methodologies do not address the
14 relative needs of patients in establishing rates, the General Assembly finds that the
15 current system limits the State's ability to control costs by encouraging facilities to
16 operate efficiently.

17 Sec. 2. Effective July 1, 1994, the Division of Medical Assistance,
18 Department of Human Resources, shall implement a prospective case-mix methodology
19 for Medicaid reimbursement for ICFs/MR. This methodology shall compensate
20 facilities according to the needs of its residents and shall ensure that facilities will
21 receive payment sufficient to meet residents' staffing needs. In addition, the
22 methodology shall include:

- 23 (1) Ensuring that it will distribute payments equitably among providers
24 according to the relative needs of their patients;

- 1 (2) Ensuring that it will effect efficient provision of care by making use of
2 peer grouping and cost ceilings, when appropriate;
3 (3) Ensuring that it improves access for patients requiring more intense
4 levels of care;
5 (4) Consideration of whether to move towards a capital reimbursement
6 policy, which standardizes payments across facilities, provides
7 incentives for facilities to control capital costs, and ensures the
8 appropriate amount of investment in the ICFs/MR industry; and
9 (5) Consideration of whether additional resources may be necessary to
10 maintain the system because case-mix systems require periodic
11 patients' assessments.

12 Sec. 3. There is appropriated from the General Fund to the Division of
13 Medical Assistance, Department of Human Resources, the sum of six hundred forty-five
14 thousand dollars (\$645,000) for the 1993-94 fiscal year for administrative costs incurred
15 in implementing this act.

16 Sec. 4. The base budget of the Division of Medical Assistance, Department
17 of Human Resources, is reduced by five million dollars (\$5,000,000) for the 1994-95
18 fiscal year due to the implementation of this act.

19 Sec. 5. This act becomes effective July 1, 1993.